

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 1464 – SB 1807

March 11, 2016

SUMMARY OF BILL: Requires 25 percent of any surplus state tax revenue, if surplus state revenue exceeds \$5,000,000 in any month as determined by the Commissioner of Finance and Administration (F&A), to be deposited into the Priority Transportation Project Fund beginning in FY15-16 and subsequent years. Requires the deposited amount be used only for “essential transportation projects”, as defined by this bill. Requires the Commissioner of the Department of Transportation (TDOT) to recommend the top 100 projects to be funded prior to March 1, 2016 for FY15-16 and FY16-17, and prior to March 1 of each subsequent year. Authorizes the General Assembly to appropriate an amount from the Fund to implement all or part of the projects recommended.

ESTIMATED FISCAL IMPACT:

On March 4, 2016, a fiscal note was issued for this bill with a fiscal impact estimated as follows:

Other Fiscal Impact – An increase in revenue to the Priority Transportation Project Fund, when surplus state tax revenue exceeds \$5,000,000 in any month, and a corresponding decrease to other state funds, based on established statutory allocation requirements. Due to multiple unknown factors, the extent and timing of any such impacts cannot be quantified with reasonable certainty.

This fiscal note is being revised in order to provide additional detail as to the possible sources of funds that could be deposited to the proposed Priority Transportation Project Fund. Therefore, the fiscal impact of the bill is estimated as follows:

(CORRECTED)

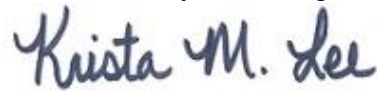
Other Fiscal Impact – An increase in revenue to the Priority Transportation Project Fund, when surplus state tax revenue exceeds \$5,000,000 in any month, and a corresponding decrease of revenue to other state funds, including but not limited to the state General Fund, based on established statutory allocation requirements. Due to multiple unknown factors, the extent and timing of any such impacts cannot be quantified with reasonable certainty.

Corrected Assumptions:

- The proposed bill would reallocate certain revenues to a Priority Transportation Project Fund (PTPF).
- In any month that revenue derived from all state taxes during a month exceeds estimates by \$5,000,000 or more, 25 percent of the surplus would be directed to the PTPF.
- According to the Department of Revenue (DOR), revenue collections have exceeded estimates by more than \$5,000,000 in the last 18 months except for two, in November 2014 and March 2015.
- The proposed bill will result in an increase in state revenue to the PTPF, whenever surplus state tax revenue exceeds \$5,000,000 in any month, and a corresponding decrease in state revenue to other state funds, including but not limited to the state General Fund, based on established statutory allocation requirements.
- Due to multiple unknown factors, such as the number of months in which the state will realize such surplus in any given year, the extent and source of any such surplus, and the current allocation of any such surplus, the increase in revenue to the PTPF and the decrease in revenue to other state funds cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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